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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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COUNTRY	Hungary/ China/ USSR	REPORT	
SUBJECT	Hungary's Pharmaceutical Industry	DATE DISTR.	21 January 1954
		NO. OF PAGES	1
DATE OF INFO.		REQUIREMENT NO.	RD
PLACE ACQUIRED		REFERENCES	

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1. As a result of inefficient planning of export markets by the Hungarian pharmaceutical industry under the five-year plan (started in 1948), drug warehouses are completely overstocked with all drugs except antibiotics.
2. The high rate of production is continuing. Pharmaceutical factories at Debrecen and Budapest (Gedeon Richter and Kobbanya) were enlarged. Stakhanovite work schedules, as many as three daily shifts, and campaigns continue to yield large volumes of common drug items.¹ However, surplus warehouse stocks are not available for domestic consumption.
3. Hungary has offered to sell the drugs to the Soviet Union at extremely low prices. However, the Soviets, who previously confiscated Hungarian drugs, refused the offer. In antibiotics only, by far the best recent customer was China. Because of the cessation of the hostilities in the Korean war, Hungary expects within a year great surpluses in antibiotics also.
4. Medimpex reportedly can offer lower prices for drugs than any country in the West, since the Hungarian labor cost is insignificant. Hungary fears only official restriction on imports into the West.
5. Atropine is known to be among the surplus items.
6. The Hungarians are producing Cortisone and ACTH, but not yet for export.
7. Within a year Terramycin and Aureomycin, now under Pfizer and Lederle American patents, will be exported but only to the Soviet Union and the Satellites.

1. Comment: The accelerated pace of work is in line with Hungary's propaganda boast of no unemployment. Under normal conditions the factories would close, but that is impossible now without destroying one of the best propaganda themes.

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